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SUBJECT: BENIN: PRESIDENT YAYI DELIVERS STATE OF THE NATION ADDRESS

11. (U) SUMMARY: On December 30, 2008, President Yayi delivered his third annual State of the Nation Address at the National Assembly in Porto-Novo to National Assembly deputies, members of his government, and the diplomatic corps, summarizing the achievements of his government. He mentioned that in spite of the various global crises in 2008, his government made significant progress towards the prosperity of Benin through consolidation of democracy and strengthening of the rule of law; reorganization of the public administration; stabilization of the macroeconomic framework; promotion of economic renewal; infrastructure development; human capital development, and equal and sustainable local development. President Yayi said that the visit of former President Bush to Benin on February 16, 2008 was indicative of successful Beninese diplomacy. The president stated that building and transforming Benin into an emerging country is a breathtaking and permanent task. Therefore, he called on every Beninese citizen to join hands in order to tackle the current challenges that Benin faces. END  
SUMMARY

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GoB's responses to the world crises  
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12. (U) President Yayi highlighted the difficult environment in which his government worked in 2008, recalling the oil, food and financial crises that hit the world in 2008, and the impact they had on Benin's economy. He said that his government in one hand took measures linked to the present economic climate to mitigate the exogenous impact of these crises and on the other initiated steps to find lasting solutions to the crises. These measures included the decision to eliminate taxes on a number of imported goods to control domestic price increases. This represented 90 Billions CFA (roughly 180,000,000 USD) or over 16 percent of Benin's tax revenue. President Yayi cited also the emergency plan to support food security through increase and diversification into agricultural products other than cotton. Nevertheless, President Yayi acknowledged that the global financial crisis did not directly impact Benin's economy because of its vigorous financial regulations and the alertness of African regional financial institutions.

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Strengthening democracy and the rule of Law  
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13. (U) President Yayi said that, at his request, the European Commission conducted a feasibility study for the design of a Permanent Computerized Voter Registry (LEPI) to ensure free and fair elections in Benin. He announced that the implementation of the LEPI project would require 16 Billions CFA (32,000,000 USD). The president added that he had tasked a national committee with examining the constitution and proposing amendments with a view to

consolidating democracy and the rule of law. The committee's amendment proposals would be publicized before its submission to the National Assembly for final approval. President Yayi highlighted the creation in 2008 of the National Committee for Governance and the High Commissioner for Concerted Governance. He described both institutions as valuable tools for participatory governance and sustainable democracy. Additionally, the Beninese Head of State enumerated the measures taken by his government to improve the security of Beninese citizens which had been threatened in 2008.

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Reorganizing the public administration  
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14. (U) President Yayi told the audience that his government attempted to depoliticize public administration. To that end, he said that the government put in place a new competence-based policy that allows the appointment of senior civil servants to technical positions. The government also improved civil servants' working condition and increased their salaries and other related allowances to keep up with the cost of living. He said that the wage bill had increased by 6 Billion CFA (12 million USD) in 2008.

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Improving and stabilizing the  
macroeconomic framework  
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15. (SBU) President Yayi said that the vitality of the economic activity in Benin fuelled economic growth in spite of the effects induced by the oil, food and financial crises. He revealed that Benin recorded 5.1 percent growth rate in 2008, an increase from 4.6 percent in 2007. The government obtained this result thanks to the increase of agricultural products other than cotton and infrastructure development. However, President Yayi admitted that strengthening of economic growth had occurred in an inflationary climate led by food and oil prices. He said that Benin had an inflation rate of 8.3 percent in 2008 while in 2007 it was only 1.3 percent. The president noted that Benin was among the rare member countries of the West African Economic and Monetary Union (UEMOA) which had very low external debts. He explained that Benin's external debt amounted to 12 percent of GDP. President Yayi assured the public that Benin's debt capacity remains intact, and that its public revenue allows the government to meet its sovereign commitments.

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Advancing economic renewal  
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16. (U). President Yayi said that his government initiated structural reforms to foster economic renewal. These reforms aimed to redefine the role of the state; to improve the competitiveness of the economy by providing adequate and low-cost inputs; to insure good management of public funds, to improve economic governance and increase the fight against corruption and to attract direct foreign investments. He also outlined the transfer of production plants from the private sector to the public sector noting the partial transfer of the cotton parastatal SONAPRA's production tool through the creation of the Company of Cotton Development (SODECO). The president stated that the government was in the process of opening the Telecommunication parastatal's capital to private investment. President Yayi announced that the government engaged in the modernization of Cotonou's port in order to improve its regional competitiveness.

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Infrastructure development  
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¶17. (U) President Yayi said that the government implemented an ambitious infrastructure development policy through the restoration and modernization of the Beninese road network. The government expects to tar 306.5 kilometres of road out of the 6076 kilometres that constitute the network (1821 kilometres of road are actually tarred). The Beninese president confessed that much more needed to be done to restore the whole network. In addition to this, he highlighted the construction of the two highway flyovers in Cotonou, which cost 15 billion CFA (30 million USD), and announced the construction of an airport in Tourou, a village located in northern Benin.

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Human capital development  
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¶18. (U) President Yayi mentioned that the government built 6,000 new classrooms throughout the country to meet the sudden rise in school registration generated by his decision to make primary and secondary school free. The government recruited more teachers to face the increased enrolment. The president said that the government micro-credit program for the poor, the National service, and the National Fund for the Promotion of Business and youth unemployment contributed to reducing unemployment.

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Ensuring an equal and  
sustainable local development  
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¶19. (U) The president mentioned that he had tasked a commission with designating capital cities for six provinces that were formerly administered out of neighboring provincial capitals to bring central government closer to communities. As part of the implementation of the Millennium Development Goals, President Yayi announced that the government had started "the Millennium Villages project" for identifying strategies to reduce poverty through infrastructure and human capital development and program for women in 12 communities of

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Benin. He also said that the government developed a National Decentralization Policy (PONADEC) to sustain local development.

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Advancing an efficient diplomacy  
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¶10. (U) President Yayi contended that former President Bush's February 2008 historic visit had demonstrated that Beninese diplomacy was successful and geared towards development. The president highlighted that the organization of the June 2008 Sahel-Saharan States Community Summit (CEN-SAD) in Cotonou was another diplomatic success.

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Calling for unity and hard work  
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¶11. (U) President Yayi recognized that much needed to be done to reach economic prosperity. He has long stressed the need to join forces and work hard in order to attain his vision to make Benin an emerging country. Yet, he recognized that the achievement of such objectives is a challenging and breathtaking exercise.

¶12. (SBU) COMMENT: The GoB has made laudable progress towards its development goals in 2008. President Yayi was able to point to a reasonable record of achievement in 2008, in spite of the tense political climate that prevailed. It is notable that the government's track record was consistent with President Yayi's agenda for an emerging Benin, though much still needs to be done.

While President Yayi was hailed for his 2008 efforts by the general public, members of the contentious opposition complained that President Yayi was silent about the political turmoil the country was experiencing. END COMMENT

BROWN